

SOCIAL IMPACT AMELIORATION PROGRAM - SIMAP III (GY-0061)

EXECUTIVE SUMMARY

Borrower:	The Cooperative Republic of Guyana		
Executing agency:	Social Impact Amelioration Program (SIMAP)		
Amount and Source:	IDB: (FSO)	US\$	20.0 million
	Local:	US\$	<u>2.2 million</u>
	Total:	US\$	22.2 million
Financial terms and conditions:	Amortization Period:	40 years	
	Grace Period:	10 years	
	Disbursement Period:	4 years	
	Interest Rate:	1% first 10 years, 2% thereafter	
	Supervision and Inspection:	1% of loan amount	
	Credit Fee:	0.05% per year on undisbursed amounts	
	Currency:	United States dollars	
Objectives:	The objectives of the program are to improve the living standards and economic opportunities of the poorest and most vulnerable communities of Guyana and increase the capacity of poor communities to identify and act upon their priority needs.		
Description:	The program has three components: (a) a projects component will finance demand-driven, small-scale social and economic infrastructure and capacity-building targeted to the poorest communities; (b) a community services component will finance delivery of selected services to vulnerable groups through non-governmental organizations (NGOs) on a pilot basis; and (c) an institutional strengthening component will finance technical assistance and training to SIMAP and other program participants, to increase the program's effectiveness.		
Bank's country and sector strategy:	The Bank's 1998-2001 strategy for Guyana, expressed in the Country Paper (GN-2014-1) and reiterated in the recent Programming Memorandum (CP-1148-2), includes among its primary objectives the reduction of poverty and the increase of absorptive capacity in the social sectors. The proposed program, designed to alleviate poverty and improve the living conditions of the poor is fully consistent with the Bank strategy.		
Environmental impact:	The independent evaluation of the SIMAP II program found no significant adverse environmental impact, since most project funded were small and involved rehabilitation rather than new		

construction. SIMAP is expected to continue to have a positive impact, directly improving the environmental quality of poor communities, through the provision of potable water, construction of sanitary blocks in schools and markets, and rehabilitation of residential drainage systems. The potential adverse environmental effects of projects, especially in the construction phase, are mitigated by detailed environmental guidelines prepared under SIMAP II to guide project design, appraisal and execution. The program will operate under a permit from the Environmental Protection Agency.

Benefits:

SIMAP will contribute to the improvement of the living conditions of the poor through the financing of small-scale infrastructure. The projects respond to poor communities' identification of their own priority needs and have immediate benefits on their quality of life, through increased access to adequate social services and facilities. The proposed operation also places emphasis on capacity-building at the local level, which will have longer term effects. Strengthening the organizational, management and leadership capabilities of poor communities will not only enhance the sustainability of SIMAP-financed projects, but also enable communities to undertake other development activities and advocate for quality services.

The introduction of the community services pilot component in the SIMAP III program will increase its impact on poverty alleviation. The component will directly finance improved access to social services by specific vulnerable groups including the elderly, disabled, abused and battered women, single parents, at-risk youth and children, and individuals affected by HIV/AIDS through NGOs. The pilot will provide the Government with concrete experience and lessons on the contracting of NGOs to execute safety net programs.

Risks:

Project sustainability is an issue in all social investment funds. The overall SIMAP record with respect to operations and maintenance is positive, but the results are less positive once schools are excluded from the analysis. In order to promote the sustainability of projects, the proposed program will emphasize the incorporation of training in maintenance into community capacity-building activities and ensure that upon completion of projects communities receive simple maintenance guidelines.

Political interference is another risk common to all funds, but there is no evidence that this has affected SIMAP operations to

date. The use of a poverty map and transparent and objective project eligibility and selection criteria mitigates against this risk. The introduction of periodic external monitoring and oversight will ensure that the operating regulations are strictly adhered to.

The **shortage of qualified professionals**, aggravated by high rates of emigration, is a major problem in Guyana, especially in the public sector. SIMAP's successes are largely due to its ability to recruit high-caliber, committed professionals, but staff turnover remains a problem. The Bank will closely monitor compensation packages and working conditions, in order to ensure that salaries remain competitive and the organization is adequately staffed.

The **community services** component is a new item under SIMAP. Given the country's small voluntary sector, there are risks that only a small number of proposals will be submitted and that the quality of the projects will be deficient. These risks are mitigated under the program by dimensioning the component as pilot and financing the contracting of a firm to provide technical assistance to the beneficiary NGOs.

**Special
contractual
clauses:**

Conditions prior to first disbursement:

Approval of the Operations Manual by SIMAP's Board of Directors (par. 2.6).

Approval of the Community Services Operating Regulations by SIMAP's Board of Directors (par. 2.9).

Certification that an agreement between the Government and SIMAP has been signed to transfer funds for the loan and counterpart resources on a grant basis (par. 3.1).

Approval by SIMAP's Board of Directors of new organizational structure and staffing requirements (par. 3.4).

**Poverty-targeting
and social equity:**

This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eight Replenishment (Doc. AB-1704). Furthermore, this operation automatically qualifies as a poverty-targeted investment (PTI), since it is a social investment fund. The borrowing country will be using the 10% in additional financing (par. 2.18).

**Exceptions to
Bank policy:**

None.

Procurement: The procurement of goods and works and the contracting of consulting services will be carried out in accordance with Bank policy as set out in Annexes B and C of the loan contract. Given that the maximum project cost is US\$200,000, no procurement will be carried out under international competitive bidding (ICB).

